

# House Study Bill 146

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
ECONOMIC GROWTH BILL BY  
CHAIRPERSON THOMAS)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to historic preservation and cultural and  
2 entertainment district tax credits, making appropriations, and  
3 providing applicability date provisions.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 1209HC 82  
6 tm/gg/14

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1 1 Section 1. Section 404A.1, subsection 1, Code 2007, is  
1 2 amended to read as follows:  
1 3 1. A historic preservation and cultural and entertainment  
1 4 district tax credit, subject to the availability of the  
1 5 credit, is granted against the tax imposed under chapter 422,  
1 6 division II, III, or V, or chapter 432, for the rehabilitation  
1 7 of eligible property located in this state as provided in this  
1 8 chapter. Tax credits in excess of tax liabilities shall be  
1 9 refunded or credited as provided in section 404A.4, subsection  
1 10 3.

1 11 Sec. 2. Section 404A.4, subsection 3, Code 2007, is  
1 12 amended to read as follows:

1 13 3. A person receiving a historic preservation and cultural  
1 14 and entertainment district tax credit under this chapter which  
1 15 is in excess of the person's tax liability for the tax year is  
1 16 entitled to a refund of the excess at a discounted value. ~~The~~  
~~1 17 discounted value of the tax credit refund, as calculated by~~  
~~1 18 the department of economic development, in consultation with~~  
~~1 19 the department of revenue, shall be determined based on the~~  
~~1 20 discounted value of the tax credit five years after the tax~~  
~~1 21 year of the project completion at an interest rate equivalent~~  
~~1 22 to the prime rate plus two percent. The refunded tax credit~~  
~~1 23 shall not exceed seventy-five percent of the allowable tax~~  
~~1 24 credit. In lieu of claiming a refund, the person may elect to~~  
~~1 25 have the overpayment shown on the person's final, completed~~  
~~1 26 return credited to the tax liability for succeeding tax years~~  
~~1 27 until depleted.~~

1 28 Sec. 3. Section 404A.4, subsection 4, Code 2007, is  
1 29 amended to read as follows:

1 30 4. The total amount of tax credits that may be approved  
1 31 for a fiscal year under this chapter shall not exceed ~~two~~  
1 32 twenty million four hundred thousand dollars less any amount  
1 33 appropriated pursuant to section 404A.6. For the fiscal  
~~1 34 period beginning July 1, 2005, and ending June 30, 2015, an~~  
~~1 35 additional four million dollars of tax credits may be approved~~  
~~2 1 each fiscal year for purposes of projects located in cultural~~  
~~2 2 and entertainment districts certified pursuant to section~~  
~~2 3 303.3B. Of the tax credits approved for a fiscal year under~~  
2 4 this chapter, two million dollars of tax credits shall be  
2 5 allocated for purposes of projects with qualified costs of  
2 6 five hundred thousand dollars or less, and six million dollars  
2 7 of tax credits shall be allocated for purposes of projects  
2 8 located in cultural and entertainment districts certified  
2 9 pursuant to section 303.3B or identified in Iowa great places  
2 10 agreements developed pursuant to section 303.3C. Any of the  
2 11 ~~additional~~ tax credits allocated for projects located in  
2 12 certified cultural and entertainment districts or identified  
2 13 in Iowa great places agreements and for projects with a cost  
2 14 of five hundred thousand dollars or less that are not approved  
2 15 reserved during a fiscal year shall be applied to reserved tax  
2 16 credits issued in accordance with section 404A.3 in order of  
2 17 original reservation. The department of cultural affairs

2 18 shall establish by rule the procedures for the application,  
2 19 review, selection, and awarding of certifications of  
2 20 completion. The departments of ~~economic development~~, cultural  
2 21 affairs, and revenue shall each adopt rules to jointly  
2 22 administer this subsection and shall provide by rule for the  
2 23 method to be used to determine for which fiscal year the tax  
2 24 credits are available. With the exception of tax credits  
2 25 issued pursuant to contracts entered into prior to July 1,  
2 26 2005, tax credits shall not be reserved for more than five  
2 27 years.

2 28 Sec. 4. NEW SECTION. 404A.6 APPROPRIATION ==  
2 29 ADMINISTRATIVE COSTS.

2 30 For the fiscal year beginning July 1, 2007, and each fiscal  
2 31 year thereafter, there is appropriated from the general fund  
2 32 of the state to the department of cultural affairs one hundred  
2 33 fifty thousand dollars, or so much thereof as is necessary,  
2 34 for purposes of costs associated with administering this  
2 35 chapter.

3 1 Sec. 5. Section 422.11D, subsection 1, Code 2007, is  
3 2 amended to read as follows:

3 3 1. The taxes imposed under this division, less the credits  
3 4 allowed under sections 422.12 and 422.12B, shall be reduced by  
3 5 a historic preservation and cultural and entertainment  
3 6 district tax credit equal to the amount as computed under  
3 7 chapter 404A for rehabilitating eligible property. Any credit  
3 8 in excess of the tax liability shall be refunded or credited  
3 9 to succeeding tax years until depleted, as provided in section  
3 10 404A.4, subsection 3.

3 11 Sec. 6. Section 422.33, subsection 10, paragraph a, Code  
3 12 2007, is amended to read as follows:

3 13 a. The taxes imposed under this division shall be reduced  
3 14 by a historic preservation and cultural and entertainment  
3 15 district tax credit equal to the amount as computed under  
3 16 chapter 404A for rehabilitating eligible property. Any credit  
3 17 in excess of the tax liability shall be refunded or credited  
3 18 to succeeding tax years until depleted, as provided in section  
3 19 404A.4, subsection 3.

3 20 Sec. 7. Section 422.60, subsection 4, paragraph a, Code  
3 21 2007, is amended to read as follows:

3 22 a. The taxes imposed under this division shall be reduced  
3 23 by a historic preservation and cultural and entertainment  
3 24 district tax credit equal to the amount as computed under  
3 25 chapter 404A for rehabilitating eligible property. Any credit  
3 26 in excess of the tax liability shall be refunded or credited  
3 27 to succeeding tax years until depleted, as provided in section  
3 28 404A.4, subsection 3.

3 29 Sec. 8. Section 432.12A, subsection 1, Code 2007, is  
3 30 amended to read as follows:

3 31 1. The tax imposed under this chapter shall be reduced by  
3 32 a historic preservation and cultural and entertainment  
3 33 district tax credit equal to the amount as computed under  
3 34 chapter 404A for rehabilitating eligible property. Any credit  
3 35 in excess of the tax liability shall be refunded or credited  
4 1 to succeeding tax years until depleted, as provided in section  
4 2 404A.4, subsection 3.

4 3 Sec. 9. APPLICABILITY. This Act applies to historic  
4 4 preservation and cultural and entertainment district tax  
4 5 credits applied for or reserved prior to July 1, 2007.

#### 4 6 EXPLANATION

4 7 This bill relates to historic preservation and cultural and  
4 8 entertainment district tax credits.

4 9 Currently, a person receiving a historic preservation and  
4 10 cultural and entertainment district tax credit may receive a  
4 11 tax credit refund at a discounted value for the amount in  
4 12 excess of the taxpayer's tax liability in the year that the  
4 13 tax credit is claimed.

4 14 The bill eliminates the discounting of the value of a  
4 15 refund and allows the entire value of the tax credit to be  
4 16 refunded. In addition, the bill allows a taxpayer, in lieu of  
4 17 claiming a refund, to elect to have the overpayment shown on  
4 18 the person's final, completed return credited to the tax  
4 19 liability for succeeding tax years, until depleted. The bill  
4 20 makes conforming amendments.

4 21 Currently, the total amount of historic preservation and  
4 22 cultural and entertainment district tax credits that may be  
4 23 approved for a fiscal year shall not exceed \$2.4 million. For  
4 24 the fiscal period beginning July 1, 2005, and ending June 30,  
4 25 2015, an additional \$4 million of tax credits may be approved  
4 26 each fiscal year for purposes of projects located in certified  
4 27 cultural and entertainment districts.

4 28 The bill increases the amount of tax credits that may be

4 29 approved each fiscal year to \$20 million less the amount  
4 30 appropriated for administrative costs. Of that amount, the  
4 31 bill provides that \$2 million of tax credits shall be  
4 32 allocated for purposes of projects with qualified costs of  
4 33 \$500,000 or less, and \$6 million of tax credits shall be  
4 34 allocated for purposes of projects located in certified  
4 35 cultural and entertainment districts or identified in Iowa  
5 1 great places agreements. The bill provides that any of the  
5 2 tax credits allocated for projects located in certified  
5 3 cultural and entertainment districts or identified in Iowa  
5 4 great places agreements and for projects with a cost of  
5 5 \$500,000 or less that are not reserved during a fiscal year  
5 6 shall be applied to reserved tax credits in order of original  
5 7 reservation.

5 8 The bill appropriates \$150,000 each fiscal year for the  
5 9 fiscal year beginning July 1, 2007, and each fiscal year  
5 10 thereafter, from the general fund of the state to the  
5 11 department of cultural affairs for purposes of costs  
5 12 associated with administering Code chapter 404A.

5 13 The bill applies to historic preservation and cultural and  
5 14 entertainment district tax credits applied for or reserved  
5 15 prior to July 1, 2007.

5 16 LSB 1209HC 82  
5 17 tm:sc/gg/14.1